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TREASURY FOR DEMOPULOS/GLASER/ZARATE

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TAGS: [EFIN](#) [ETTC](#) [PREL](#) [PGOV](#) [JO](#) [KTRF](#)

SUBJECT: TREASURY-LED DELEGATION FINDS DEFICIENCIES IN
AML/CFT CONTROLS; PUSHES FOR GREATER GOJ AML/CFT COOPERATION

REF: A. 151900Z DIRECTOR 628732 (15 MARCH 2004)

[1](#)B. 2003 AMMAN 6000

Classified By: Charge d'Affaires David Hale for reasons 1.4 (b), (c), and (d)

[1](#)1. (C)SUMMARY: A visit by a Treasury-led team focused on terrorist financing and anti-money laundering issues, both with respect to broad structural concerns and specific bilateral information requests. Regarding the structural issues, the team found that the Jordanian anti-money laundering (AML) and combating financing of terror (CFT) regime suffers from significant deficiencies, including lack of a financial intelligence unit and a regime of strict bank secrecy. While a draft AML law that is currently before Parliament will substantially improve matters, Jordan's strict bank secrecy laws will continue to represent an obstacle to effective international cooperation on anything other than a highly informal level.

[1](#)2. (S/NF) Regarding specific requests for information, all cited Jordanian bank secrecy laws as preventing such cooperation. However, Arab Bank, with the unofficial nod of the Central Bank, did eventually provide detailed information on several Hamas and former Iraqi regime-related accounts (reftel A). The Jordan National Bank (JNB), however, did not provide information on account transactions concerning U.S. currency found in Baghdad at the end of the war in Iraq. END SUMMARY.

[1](#)3. (U) A delegation composed of personnel from the Departments of Treasury and State, the New York Federal Reserve Bank, OFAC, and the IRS held meetings in Amman September 22-23. The delegation, led by Daniel Glaser, Director of the Treasury Executive Office for Terrorism Finance and Financial Crimes, met during that time with GOJ officials including the Ministers of Finance and Justice, the Legal Advisor to the Minister of Foreign Affairs, and the Governor and Deputy Governors of the Central Bank of Jordan (CBJ). The delegation also met with top executives from the Arab Bank, Housing Bank, and Jordan National Bank (the three largest banks in Jordan), and with the Jordanian branch of Lebanon-based Audi Bank (septel). Charge attended many and Emboffs accompanied the delegation to all of these meetings.

JORDAN BEHIND THE AML/CFT CURVE

[1](#)4. (SBU) Based on the delegation's meetings with GOJ officials, the delegation concluded that Jordan's AML/CFT legal and regulatory framework falls significantly short of international standards. In particular, Jordan has no comprehensive law criminalizing AML activities, no financial intelligence unit (FIU), and maintains strict bank secrecy that prevents effective international cooperation. While an AML law has been circulating in draft form within the GOJ for almost a year, this draft has only just been approved by the full Cabinet. It will be submitted for the approval of Parliament when it comes back in session (likely late November). Embassy received a copy of an earlier draft of this law, which was initially created in cooperation with the IMF, and it has passed the draft law to the desk and to Treasury for review.

[1](#)5. (U) At present, Jordan bases its AML/CFT safeguards on a combination of other laws related to financial crime, terrorism, and financial supervision. While these laws, including the Banking Law and the Central Bank Law, contain some positive provisions, including customer identification requirements, Jordan's bank secrecy law essentially prevents international information exchange unless the Prosecutor General has opened a criminal case in Jordanian courts. According to MFA Legal Advisor Samer Naber, Jordan can also provide information on accounts related to terrorism, but only if that account is related to a group or individual identified by the UNSCR 1267 list or if the Prosecutor General makes an independent determination that the account is directly related to terrorist acts.

[1](#)6. (C) The absence of a comprehensive and effective AML/CFT

regime leaves Jordan well behind the trend of the past several years among international financial centers including regional centers such as Bahrain, Saudi Arabia, Lebanon, and the UAE, and other secrecy jurisdictions such as Switzerland.

GOJ officials appeared surprised to hear that Jordan was behind international standards and practice in AML/CFT safeguards. Finance Minister Mohammed Abu Hammour, replied that he had thought that Jordan was ahead of the region on this subject. The recently appointed CBJ Deputy Governor Faris Sharaf, whose remit as Deputy Governor includes banking supervision, noted his belief that the FATF had certified Jordan as compliant, only to admit when pressed that all he was sure of was that Jordan had not been identified by FATF as non-compliant. In fact, Jordan has never been reviewed by FATF. Sharaf also noted that the IMF had recently sent a team to Jordan to, among other things, assess Jordan's compliance with overall international AML/CFT standards. The IMF's assessment, however, did not rate Jordan's AML/CFT compliance, though Treasury understands that the IMF identified significant problems.

17. (U) The delegation welcomed the news that both Minister of Finance Mohammed Abu Hammour and CBJ Deputy Governor Faris Sharaf will attend the inaugural MENA-FATF conference in Bahrain in November.

AN INFORMAL WILLINGNESS TO HELP; MIXED PERFORMANCE IN PRACTICE

18. (S/NF) In practice, at least on this visit, players expressed their willingness to bend the rules for us. While most interlocutors expressed a desire to share information with the U.S., they cited bank secrecy as tying their hands. The CBJ, however, when pressed, eventually agreed to advise banks informally that they could provide information directly to the delegation if the banks so chose. Based on a call from the Central Bank Governor to this effect, Arab Bank met for a second time with the delegation and provided account information that the Embassy had originally requested from the GID in February and March and from the CBJ in July. Operations Division Chief Fawzan Shukri gave the delegation information on the accounts, dates of opening and closing and the account balances at the time when the accounts were closed (or, in some cases, seized or frozen) Embassy will report all of the information passed at this meeting septel). He also promised to deliver transaction records on these accounts to the USG within a week. Arab Bank noted that they had passed information on these accounts to the CBJ on several occasions. CBJ had not informed the Embassy, despite frequent requests for a response, including to the Prime Minister.

19. (C) Jordan National Bank (JNB), was engaged by the delegation on two subjects of concern to the USG. The first request made by the delegation was for information on the party or parties who purchased from JNB hundreds of millions of dollars in new U.S. bank notes originating at the New York Federal Reserve Bank, purchased by JNB, and found as part of \$700 million in a palace in Baghdad in April 2003. The second request was for transaction records of specific accounts at JNB that the USG believes may have been used by the former Iraqi regime to receive illegal kickbacks and other moneys from Oil-for-Food (OFF) program suppliers. (These two requests were also made of the Housing Bank.) Acting JNB CEO Rashid Daoudi replied that while he would be willing to turn over the information on currency purchases if he received an oral approval from the CBJ, he would require an official request from the CBJ before he would turn over account information. (Despite the CBJ's earlier promise to call JNB to provide an informal green light, JNB maintained that it had received no such call by the time of the meeting.) He refused to accept a proffered diskette with information on the currency purchases without clearance from the CBJ.

110. (C) The Housing Bank for Savings and Investment, with which the delegation met prior to its meeting with the CBJ, had yet another standard for information it was willing to share. Executive Manager Ahmed Abdel-Fattah, when asked about the measures that the bank had taken in order to ensure that no money laundering was taking place within the bank, spoke at length on general principles, and repeatedly made reference to a compliance manual that all bank employees were made to read. When asked for a copy, however, he told Emboffs that he would need CBJ permission to hand over such information. When engaged by the delegation on the same requests made of JNB, he again said that he would need CBJ clearance to release such information.

ATMOSPHERICS

111. (C) While most interlocutors expressed a desire to cooperate, CBJ Governor Toukan reacted defensively to requests for information, particularly with regard to Arab

Bank, affirming his strong belief that the banks could not have been involved in any illegal activity. He reiterated several themes that are by now familiar to us: the closeness of the Jordanian relationship to the United States, the strictness of the Arab Bank in its relations with account holders, the importance of the Arab Bank's health to the Jordanian economy as a whole, the reasons why any terrorist would avoid the banking sector entirely as a method of cash transfer in favor of less-regulated financial sectors, and the unfairness of holding a bank responsible for the sins of its clients.

12. (C) Toukan also repeatedly made clear his unwillingness to make any formal requests for information to any bank without an order from the Prosecutor General, noting in passing the September 2003 political turbulence that the CBJ had endured the leaking of an order CBJ had sent to Jordanian banks to freeze accounts of several Hamas-related entities and individuals (reftel B). Several times, he made the point that the CBJ is a technical body, not a political one.⁸ Nonetheless, after considerable discourse, Toukan agreed to call the relevant officials at the Arab Bank, Housing Bank, and JNB and give his oral consent to those banks, sharing of account information with the delegation upon its request. This resulted in direct cooperation from the Arab Bank.

COMMENT

13. (C) Jordan's lack of an FIU and its strict bank secrecy result in the CBJ and the Jordanian banks being unwilling to provide AML/CFT-related financial information without political cover. The CBJ is being squeezed between strong U.S. pressure to cooperate in investigating terrorism finance and Iraqi regime accounts and its own inability to action in violation of the law. A strong U.S. push at the political level for legislative and regulatory changes, combined with the technical support necessary to help the GOJ implement such arrangements, could provide the necessary impetus to put these mechanisms in place. Simultaneously, the Justice Minister is working with the Embassy on improved procedures for overall bilateral law enforcement cooperation, to include AML/CFT issues. Governor Toukan said he had encouraged this approach.

14. (U) Daniel Glaser cleared this cable prior to departure.
HALE